

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 IO-13 ISO-00 COME-00 TRSE-00 STR-04

FEA-01 AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

EPG-02 AID-05 SS-15 ITC-01 USIA-06 PRS-01 SP-02

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9595

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EIND, JA, GATT

SUBJECT: GOJ RESTRICTIONS ON FERTILIZER IMPORTS

REFS: (A) STATE 159638; (B) TOKYO 8608

SUMMARY: MITI HAS REITERATED THAT IN ORDER TO HELP PRESERVE JAPAN'S PRODUCTIVE CAPACITY IN AMMONIUM PHOSPHATE COMPOUNDS, IMPORTERS OF SUCH PRODUCTS HAVE "VOLUNTARILY" AGREED TO LIMIT THEIR PURCHASES OF THESE SECONDARY COMPOUNDS AND TO CONCENTRATE ON BRINGING IN ROCK PHOSPHATE. PRESENTATION OF OUR CONCERNS (REFTEL A) DID NOT MEET WITH ANY POSITIVE RESPONSE--THE IMPORTERS' DECISION IS VOLUNTARY, NO ADMINISTRATIVE GUIDANCE IS BEING APPLIED, AND THUS THE GOJ ITSELF IS NOT ENGAGING IN A TRADE RESTRICTIVE PRACTICE FOR WHICH GATT JUSTIFICATION IS NECESSARY. IT THUS APPEARS THAT NO REAL ACTION ON OUR CONCERNS WILL BE FORTHCOMING UNLESS WE ARE PREPARED TO MAKE A FORMAL COMPLAINT. END SUMMARY.

1. EMBOFF CONVEYED SUBSTANCE OF REFTEL A TO MITI

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(AMERICAS DIV., TRADE BUR. AND CHEMICAL FERTILIZER DIV., CONSUMER GOODS IND. BUR.), EMPHASIZING THAT MITI'S APPARENTLY RESTRICTIVE POLICY ON CHEMICAL FERTILIZER IMPORTS CONTRADICTS THE GOJ'S ANNOUNCED EFFORT TO LIBERALIZE TRADE RELATIONS THROUGH AN EXPANSION OF IMPORTS. IN REPLY, MITI OFFICIALS PREDICTABLY BALKED AT DESCRIBING JAPAN'S INTENDED REDUCTION OF AMMONIUM

PHOSPHATE IMPORTS AS A GOJ POLICY.

2. ACCORDING TO MITI, THE GOJ HAS BEEN UNDER PRESSURE FROM JAPAN'S CHEMICAL FERTILIZER INDUSTRY SINCE LATE LAST YEAR, WHEN A SHARP DECLINE IN THE PRICE OF PHOSPHATE PRODUCTS ACCOMPANIED A SUDDEN RISE OF IMPORTS, PARTICULARLY FROM THE U.S. MITI SUPPLIED THE FOLLOWING FIGURES:

CONSUMPTION OF AMMONIUM PHOSPHATE IN 1,000
METRIC TONS

CHEMICAL YEAR	INVENTORY	DOMESTIC PRODUCTION	IMPORTS
1973	29	430	111
1974	32	475	95
1975	84	361	81
1975 (JULY-DEC.)	135	139	123
1976 (JULY-DEC.)	84	183	41
1976/1975 PERCENT	160.7	76.0	300.0

IMPORTS OF AMMONIUM PHOSPHATE
QUANTITY IN 1,000 MT (PRICE IN YEN 1,000)
PER TON

CHEMICAL YEAR	ALL IMPORTS	FROM U.S.
1973	92 (31)	82 (31)

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1974	110 (66)	99 (61)
1975	78 (89)	58 (80)
1976	162 (44)	151 &(43)

3. MITI REPS ACKNOWLEDGED THAT THE JAPANESE CHEMICAL FERTILIZER INDUSTRY IS STRUCTURALLY WEAK AND INCREASINGLY UNCOMPETITIVE. HOWEVER, HAVING FACED SHORTAGES OF AMMONIUM PHOSPHATE PRODUCTS IN THE PAST, THE GOJ FEELS IT NECESSARY TO PROVIDE FOR SOME DOMESTIC PRODUCTION CAPABILITY OF THESE SECONDARY COMPOUNDS. MITI "EXPLAINED" THIS PROBLEM TO IMPORTERS OF PHOSPHATE COMPOUNDS, WHO HAVE "VOLUNTARILY" DECIDED TO LIMIT THEIR PURCHASES OF THESE PRODUCTS TO WITHIN 20 PERCENT OF DOMESTIC CONSUMPTION --AND CONCENTRATE ON IMPORTS OF ROCK PHOSPHATE AS THE PRIMARY MATERIAL FOR PHOSPHATE FERTILIZERS. ACCORDING TO MITI'S DEFINITION, THEY ARE THUS NOT ACTUALLY USING ADMINISTRATIVE GUIDANCE, AND HAVE NOT INSTITUTED IMPORT CONTROLS. THEY AGAIN STATED THAT THEIR ACTIONS ARE NOT TRADE RESTRICTIVE AND DO NOT REQUIRE JUSTIFICATION UNDER THE GATT. EMBOFF ARGUMENTS BASED ON PARAS 2 AND 3 OF REFTEL A WERE ACKNOWLEDGED WITHOUT

PARTICULAR COMMENT.

4. COMMENT: ONCE AGAIN, GOJ OFFICIALS SEEM TO HAVE DIFFICULTY IN APPRECIATING THAT TACIT, INFORMAL GOVERNMENT-INDUSTRY "UNDERSTANDINGS" MAY BE TRANS-LATED AS TRADE-RESTRICTIVE MEASURES BY THE OUTSIDE WORLD. WE HAVE ALREADY INDICATED TO MITI THAT THE ARGUMENTS PRESENTED ABOVE ARE UNLIKELY TO IMPRESS WASHINGTON. WE DO NOT BELIEVE THAT WE WILL OBTAIN A SATISFACTORY RESPONSE ON OUR CONCERN OVER PHOSPHATIC FERTILIZERS UNLESS WE ARE READY TO CONFRONT THE GOJ WITH A TRADE COMPLAINT.
MANSFIELD

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 25-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Film Number: D770264-0445
Format: TEL
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ISecure: 1
Legacy Key: link1977/newtext/t19770721/aaaaarwd.tel
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